



Views from Members. Compilation

1. In order to facilitate its work on the matter of the arrangements between the Conference of the Parties (COP) and the Green Climate Fund, the co-chairs of the Standing Committee on Finance (SCF), during the first virtual meeting of the SCF in January 2013, called for submissions of views from SCF members on this matter. Additionally, some members of the SCF volunteered to have initial discussions on this subject in advance to the third meeting of the SCF.
2. This information compiles all the submissions received from SCF members as of 4 March 2013 for the consideration by the SCF at its third meeting.

I. Members who submitted their views

3. The SCF members who submitted their views are as follows (in order of arrival):
 - Ms. Outi Honkatukia (15 February 2013)
 - Ms. Bernarditas Muller (20 February 2013)
 - Mr. Paul Bodnar (23 February 2013)
 - Mr. Gregory Andrews (1 March 2013)
 - Mr. Paul Oquist (1 March 2013)
4. The submissions are attached and reproduced¹ in the language in which they were received and without formal editing.

¹ The secretariat has made every effort to ensure the correct reproduction of the text as submitted.



Submission by Ms. Outi Honkatukia

Dear Finance Team,

Here are some thoughts on the COP-GCF arrangements. I am of the view that we should not be rushing to form a task force on the arrangements. Instead, we should mandate the Standing Committee co-chairs to liaise with the GCF board. All the substance needed for the COP-GCF arrangements is already in the governing instrument. I find it difficult to see how a Standing Committee task force could engage in de facto negotiations on some further arrangements. In my view, the only thing that the Standing Committee could do, would be to help with the technical interpretation/operationalisation of existing text on the arrangements. That is to say, the Standing Committee task force could assist the GCF board to elaborate the text on the arrangements, but without altering the substance (which is already included in the GCF governing instrument).

Kind regards,
Outi

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Submission by Ms. Bernarditas Muller

Dear FTC,

In preparation for the work of the subcommittee on the Arrangements between the COP and the GCF, following the decision adopted in Doha, I would like to **submit the draft decision submitted** by 18 countries (Philippines, Malaysia, Thailand, Saudi Arabia, India, China, Sri Lanka, Egypt, Sudan, Iraq, Iran El Salvador, Nicaragua, Democratic Republic of Congo, Ecuador, the Maldives, Kenya, and Venezuela) at the 18th session of the Conference of the Parties in Doha, Qatar.

This draft decision contains the main elements of arrangements between the COP and an operating entity of the financial mechanism of the Convention, as contained in Article 11 of the Convention, in particular Article 11.3, and in fulfillment of Decision 3/CP.17 on the launching of the Green Climate Fund, paragraph 3.

This draft decision also takes into account **document A/AC.237/87** dated 21 December 1994 on "elements for inclusion in arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism", prepared in implementation of Article 11 of the UNFCCC.

I would like to request the FTC to circulate this draft decision to the members of the Standing Committee on Finance at its third meeting, for the work of the subcommittee on arrangements between the COP and the GCF.

Thank you and best regards,
Bernarditas Muller

Annex:

10 August 2012

DRAFT DECISION ON ARRANGEMENTS BETWEEN THE CONFERENCE OF THE PARTIES AND THE GREEN CLIMATE FUND

The Conference of the Parties

Recalling its decision 1/CP.16, paragraph 102, establishing the Green Climate Fund,

Further recalling its decision 3/CP.17, paragraph 3, designating the Green Climate Fund as an operating entity of the financial mechanism of the Convention, in accordance with Article 11 of the Convention, and paragraph 4, that the Green Climate fund will be guided by the principles and provisions of the Convention

Reaffirming Article 11, paragraph 1 of the Convention, defining the financial mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology,

Also reaffirming Article 11, paragraph 2 of the Convention which stipulates that the financial mechanism shall have an equitable and balanced representation of all Parties within a transparent system of governance,



Underlining Article 11.3 of the Convention, stating that the arrangements to be agreed with the entity entrusted with the operation of the financial mechanism shall give effect to Article 11, paragraphs 1 and 2, and listing the elements to be included in these arrangements,

Decides on the following :

Objective of the arrangements

1. that the arrangements to be agreed with the Green Climate Fund shall give effect to the objective of ensuring that the Fund is accountable to and functions under the guidance of the Conference of the Parties to support projects, programmes, policies and other activities in developing countries using thematic funding windows;

Accountability to the COP

2. that in order to ensure accountability to the COP, the Board of the Fund shall :

- a) receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria, and matters related thereto ;
- b) take appropriate action for the implementation of this guidance, and ensuring the conformity of this action with the guidance received;
- c) submit annual reports to the COP for its consideration and receive further guidance. Such annual reports shall report on the development and implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board;
- d) include in its reports a synthesis of the different projects under implementation and a listing of the projects approved, as well as a financial report including accounting and evaluation of its activities, indicating the availability of resources ;
- e) also include in its reports all activities financed by the Fund, through its present and future thematic funding windows and its private sector facility, whether such activities are carried out by the Fund or any other entity or entities, and how these activities have applied the guidance provided by the COP;
- f) specifically indicate in its reports how the Board has undertaken to implement the balanced allocation of the fund's resources between adaptation and mitigation activities, bearing in mind decision 1/CP.16, paragraph 100 which provided that a significant share of new multilateral funding for adaptation should flow through the Fund ;
- g) include also information on the development and implementation of a process to collaborate with the Adaptation Committee and the Technology Committee, as well as other relevant bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate ; and
- h) Submit , together with the annual reports of the Board to the COP, reports of the Fund's independent evaluation unit for purposes of further guidance and consideration, as well as for the purposes of the periodic reviews of the financial mechanism of the Convention.

3. In turn, the COP may bring to the attention of the Fund any other matter relevant to the operation of the financial mechanism of the Convention.

Further decides

4. that pursuant to Article 11, paragraph 3, (a) and (b) of the Convention, the Board shall :



- a) develop modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the COP ; and
- b) develop modalities by which a particular funding decision may be reconsidered in light of the guidance provided by the COP. In the event that any Party, eligible for funding under the guidance provided by the COP, considers that a decision of the Board regarding one of the specific projects does not comply with the guidance provided by the COP, the COP should analyse the observations presented and take decisions on the basis of compliance with such guidance. The COP may then request the Board for further clarification on this specific project decision and in due time further request for a reconsideration of that decision;

Determination of the funding necessary and available for the implementation of the Convention

5. that the arrangements shall give effect to the determination, in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed. To this end, the COP and the Board of the Fund shall jointly determine the aggregate funding requirements for the purpose of the Convention, in accordance with the following procedures :

- a) the COP will make an assessment of the amount of funds that are necessary to assist developing countries, in accordance with the guidance provided by the COP, in fulfilling their commitments under the Convention over the Fund's replenishment periods ;
- b) this assessment will be based on the following :
 - (i) the information communicated to the COP under Article 12 of the Convention and relevant COP decisions ;
 - (ii) national programmes formulated under Article 4.1 (b) of the Convention as well as relevant COP decisions, and progress made by Parties in the implementation of such national programmes ;
 - (iii) information communicated to the COP by the Fund on the number of eligible programmes and projects that were submitted to the Fund, the number that were approved for funding, and the number that were turned down owing to lack of resources ; and
 - (iv) other sources of funding available for the implementation of the Convention, as may be determined by the COP.
- c) in order to facilitate the determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention and its relevant decisions, the COP will communicate to the operating entity relevant information, as part of its guidance, on :
 - (i) policy on the degree of concessionality of funding for countries or particular categories of countries ;and
 - (ii) methodology and modalities for the determination of « agreed full costs » and « agreed full incremental costs ».
- d) the Board will, in its regular report to COP, indicate how it has responded during the replenishment period to the COP's previous assessment referred to in paragraph 5, above, inform the COP on the conclusion of its replenishment negotiations, and indicate the amount of new and additional funding made available during this period. The COP may, in its action on the Fund's reports, consider the adequacy of resources available for the implementation of the Convention.
- e) The reiteration of this process on the occasion of each replenishment period will present the opportunity for the COP to review the amount of funding necessary and available for the implementation of the Convention in accordance with article 11.3 (d).

6. *Also decides* to commission an independent assessment of the overall performance of the Fund, including the performance of the Board of the Fund, at intervals that would coincide with the regular reviews of the financial mechanism and take appropriate measures, in accordance with Article 11, paragraph 4 of the Convention.



7. *Requests* the Standing Committee of the Convention, taking fully into account this decision, to develop the arrangements to be concluded between the COP and the Fund, in consultation with the Board of the Fund, in time for the consideration and adoption of the COP at its 19th session.

8. *Further requests* the Standing Committee to report regularly to the COP on the progress in the development of these arrangements and its consultations with the Board of the Fund, until the 19th session of the Conference of the Parties.

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Submission by Mr. Paul Bodnar

Lando, Alejandro,

I promised to get back to you with views on the content of the GCF-COP arrangements. Having consulted with colleagues, my view is that **paragraphs 4-6 of the GCF instrument, taken together with Article 11 of the Convention, form a sufficient basis for the arrangements.** I look forward to hearing the views of other SCF members and to discussing the matter in Bonn.

Thanks for your patience as we talked this over here.

Have a good weekend,

Paul B.

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Submission by Mr. Gregory Andrews

Dear SCF colleagues

1. I've been waiting on the line for our conference since midnight my time. Not sure if there's a mix up with the times. Anyway, I'm going back to bed but have outlined my key points below. In summary, I **would associate with the policy position proposed by Paul Bodnar in his recent submission.**
2. Australia's view is that the **Governing Instrument and Article 11, paragraph 3, sufficiently provide** for the arrangements between the COP and the GCF. Parties agreed with these provisions at COP 18
3. While Parties also identified Decision 3/CP.17 as the basis for arrangements, Australia considers that its elements are captured in previous two documents, **and its inclusion is therefore unnecessary.**
4. Our SCF meeting this coming week is scheduled ahead of the next GCF Board meeting. So when we talk this week, the GCF Board will not yet have discussed. As the COP decision was under the GCF agenda item, **it is appropriate that the GCF Board first to discuss this issue** before discussing with the SCF the forward approach.
5. Australia considers that development of the arrangements is largely a **procedural matter.** Given the extensive work programs of both the GCF and the SCF, Australia considers that a more expedient option would be for **arrangements to be progressed intersessionally by the GCF and SCF Co-Chairs.** The SCF needs to be sensitive to the GCF. I have full trust in our two excellent co-chairs Paul and Dian to progress joint discussion with the GCF co-chairs. This joint discussion should occur before any text is proposed by the SCF.
6. I'm looking forward to discussing this issue at the SCF meeting.

Best

Gregory

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Submission by Mr. Paul Oquist

March 01, 2013

Dear Members of the Standing Committee on Finance and Secretariat-

There follows my formal submission on the on the arrangements between the Conference of the Parties and the Green Climate Fund

Abrazos,

Paul Oquist

Annex:



**SUBMISSION ON THE ARRANGEMENTS BETWEEN THE
CONFERENCE OF THE PARTIES AND THE GREEN
CLIMATE FUND**

Submitted 2013 03 01 by:
Dr. Paul Oquist, Member for
GRULAC (Nicaragua)

The 17th session of the Conference of the Parties (COP) Decision 3/CP.17 launched the Green Climate Fund (GCF) and approved its governing instrument, which designated the GCF as an operating entity of the financial mechanisms of the convention. Paragraph 6 of the instrument established that arrangements will be concluded between the COP and the Fund, consistent with Art.11 of the Convention, to ensure that the Fund is accountable to and functions under the guidance of the COP.

The GCF instrument itself does not recognize that the arrangements are contained therein, nor in Art.11 of the Convention, but rather states that "arrangements will be concluded between the COP and the Fund, consistent with Art.11 of the Convention" (emphasis added). Art.11 stipulates terms of reference for the arrangements between COP and the financial mechanisms and the GCF instrument also lists the first 3 of these terms of reference in numeral 6.

The position that the work has already been done, which posits terms of references as actual arrangements, is incongruent with



the GCF instrument which calls for arrangements, and the specific task (7/CP.18 paragraph 2) assigned to the Standing Committee on Finance (SCF) and the GCF Board of proposing arrangements to COP at its 19th session.

In order to fulfill our appointed task, I fully endorse the submission presented by the distinguished representative from Asia-Pacific (Philippines) Miss Bernarditas Muller, which contains a draft decision on the arrangements between the COP and the GCF. This submission also takes into account document A/AC.237/87 elaborated by the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change in December 2004 on "Elements for inclusion in arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism", prepared for the implementation of Art.11 of the Convention.

I therefore submit that this fully articulated draft decision should be the basis of our Bonn discussions and for formulating a proposal for the GCF Board.

Respectfully,

Dr. Paul Oquist
Member for GRULAC (Nicaragua)